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DEPT FOR AF/W AND EEB/CBA (DENNIS WINSTEAD)
LONDON FOR PETER LORD

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SUBJECT: MINISTERS RESIGN FOLLOWING LINKS TO UK CORRUPTION
CASE

REF: ACCRA 1068

Classified By: Ambassador Donald Teitelbaum for reasons 1.4 (b) and (d)

¶1. (C) Summary: Following allegations that current and former government officials accepted bribes from British company Mabey & Johnson during the 1990s (reftel), two serving ministers were forced to resign their posts October 9. President Mills also directed the Commission on Human Rights and Administrative Justice (CHRAJ) to conduct an independent investigation into the allegations. The scandal has strained the ruling National Democratic Congress (NDC) due to allegations against influential party members, and comes amidst accusations that the New Patriotic Party (NPP) government of John Kufuor undervalued the assets of Ghana Telecom when it sold the company off to UK company Vodafone at the end of its term, and that senior NPP officials benefited personally from that deal. While President Mills' initial actions vis-a-vis the Mabey & Johnson case are encouraging, his willingness to take a tough stand against corruption will be further tested if CHRAJ recommends prosecution of NDC officials. End Summary.

¶2. (U) On October 9, Dr. George Sipa-Adjah Yankey, Minister of Health, and Alhaji Seidu Amadu, Minister of State at the Presidency, resigned their positions following allegations that they accepted illegal payments from Mabey & Johnson while serving in the government of President Jerry Rawlings during the 1990s. Yankey had been a director at the Ministry of Finance and Economic Planning when the payments were alleged to have been made, and Amadu was Deputy Minister for Roads and Highways.

¶3. (C) Seth Osei, NDC Director of Communications, told POL Chief October 13 that the President requested the resignations after lengthy closed door discussions with Vice President John Mahama, Chief of Staff John Henry Martey Newman, Attorney General/Minister of Justice Betty Mould Iddrisu, and other close advisors. Osei said that the President's decision was influenced by heavy pressure from civil society activists, who were looking for a strong signal from the President against corruption. Osei added that the case has created divisions within the NDC, with some arguing that the President should have allowed the ministers to stay in office and defend themselves. Osei noted that Mills will be faced with a difficult decision if CHRAJ recommends prosecution, given the long-standing close relationship that the President has with Yankey.

¶4. (U) On October 9, the President's office issued a statement noting that Mills had formally invited an independent anti-corruption institution, CHRAJ, to investigate the Mabey & Johnson bribery allegations. The statement said that the President expressed regret at the resignations and was hopeful that the decision to ask CHRAJ

to investigate the case would offer a platform for the public officials named in the case to clear their names and reputations.

¶15. (C) The Mabey & Johnson case comes while the government is examining a report that criticizes the Kufuor government's handling of the sale of Ghana Telecom to Vodafone at the end of the Kufuor administration. Osei told us that some NDC officials believe the UK intentionally leaked information on Mabey & Johnson that implicates NDC officials to distract attention from the Vodafone deal (although Osei stressed that this is not a consensus view within the NDC). The government is reportedly examining disparities between the \$900 million value of the deal, and the \$267 million that has been accounted for, as well as accusations that Ghana Telecom was knowingly undervalued by the previous government. On October 14, Herbert Morrison (strictly protect), a businessman with close NPP and NDC contacts, told ECON Chief that sources with access to the Vodafone report told him that former President Kufuor pocketed about \$100 million in the deal.

¶16. (SBU) In an interview published October 12 by The Chronicle, former Minister Yankey denied having taken any bribes during his service at the Ministry of Finance, and added that his position as head of the Ministry's legal unit gave him no role in the award of contracts for roads or bridges. He suggested that the Mabey & Johnson allegations were linked to the British High Commissioner and former President Kufuor, to undermine NDC electoral chances in 2012, and to obstruct GOG investigations into the Vodafone deal and the activities of the Ghana@50 secretariat.

¶17. (SBU) Comment: By seeking the resignation of two ministers, withdrawing the nomination of his High Commissioner-designate to Nigeria (reftel), and ordering an investigation by an independent anti-corruption institution (CHRAJ), President Mills has publicly highlighted the importance he attaches to combating corruption. This case presents Mills with an opportunity to demonstrate strong anti-corruption credentials, and - if handled well - could insulate him from NPP charges that the NDC government is pursuing corruption investigations in a partisan manner. However, the issue will remain politically divisive, particularly if CHRAJ recommends prosecuting NDC officials or if additional inflammatory facts are revealed regarding Vodafone. End Comment.

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